

Message Text

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OMB-01 TRSE-00 OPR-01 A-01 /069 W
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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 334

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 6833

E.O. 11652: GDS

TAGS: ELAB, SP

SUBJ: STRIKE SITUATION IN BILBAO AREA

REF: MADRID 6361 6355

FOLLOWING RECEIVED FROM AMCONSUL BILBAO. QUOTE:
BEGIN SUMMARY: ALTHOUGH WORK STOPPAGES IN SOME OF SMALLER
FIRMS HAVE BEEN RESOLVED THROUGH SUBSTANTIAL PAY INCREASES,
A NUMBER OF COMPANIES IN BILBAO AREA EMPLOYING TOTAL
NEARLY, 20,000 WORKERS CONTINUE TO ENCOUNTER SERIOUS LABOR
PROBLEMS. TWO-THIRDS OF THESE EMPLOYEES BELONG TO FIRMS
WITH SUBSTANTIAL U.S. INTEREST INCLUDING GENERAL ELECTRIC,
WESTINGHOUSE, BABCOCK-WILCOX, AND NABISCO. MANAGEMENT
OF THESE FIRMS UNANIMOUSLY EXPRESSED VIEW POLITICAL
MOTIVATIONS OF STRIKE ORGANIZERS PREDOMINATE OVER ECONOMIC
CONSIDERATIONS. SEVERAL HAVE RECEIVED TELEGRAMS FROM
INTERNATIONAL METAL WORKERS FEDERATION IN GENEVA CONTAINING
IMPLIED THREATS AGAINST THEIR OTHER PLANTS IN EUROPE.
WIDESPREAD RUMOR, THAT CAMPAIGN OF ECONOMIC DISRUPTION AND
EMBARRASSMENT TO GOVERNMENT AIMS TO DESTROY SYNDICATE SYSTEM AND
WILL INCLUDE GENERAL INDUSTRIAL STRIKE ON NOV 4 OR 5 IN
BARCELONA AND BILBAO, IS GIVEN CONSIDERABLE CREDENCE BY
LOCAL U.S. REPRESENTATION IN FIRMS HAVING LABOR PROBLEMS.
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ALTHOUGH NO SERIOUS INCIDENTS HAVE YET OCCURRED, SEVERAL

HAVE EXPRESSED CONCERN THAT SITUATION COULD DETERIORATE TO POINT OF INSURRECTION BY WORKERS. END SUMMARY

1. SINCE THE BEGINNING OF SEPTEMBER, IN ADDITION TO STRIKES IN THE BASQUE PROVINCES OF GUIPUZCOA AND ALAVA AFFECTING APPROXIMATELY 15 FIRMS AND SOME 5,000 WORKERS, STRIKES HAVE DISRUPTED PRODUCTION IN ANOTHER 15 INDUSTRIAL FIRMS IN VIZCAYA (INCLUDING SIX WITH U.S. PARTICIPATION) AFFECTING SOME 20,000 EMPLOYEES. DEMANDS HAVE INCLUDED A VARIETY OF BENEFITS SUCH AS 100 PERCENT PAY FOR SICKNESS, ACCIDENT OR RETIREMENT; PROHIBITION OF CHANGES IN JOBS AND COMPENSATION METHODS (GENERAL ELECTRIC ESPANOLA); SALARY INCREASES OF FROM 10 TO 30 PERCENT (USUALLY 4,000-5,000 PESETAS); RESIGNATION OF LOCAL "JURADO" (SPANISH SYNDICAL ORGANIZATION PLANT-LEVEL LABOR-MANAGEMENT COMMITTEES) AND RECOGNITION OF NEW REPRESENTATION OF WORKERS. RESIGNATION OF "JURADO" HAS BEEN DEMANDED IN NEARLY EVERY CASE ALTHOUGH USUALLY NOT AT TOP OF LIST OF DEMANDS.

2. POLICE HAVE HAD TO EVICT STRIKING WORKERS AND BREAK UP STREET DEMONSTRATIONS ON OCCASION, BUT NO SERIOUS INCIDENTS REPORTED AS YET. CIVIL GUARD PROMINENTLY POSTS GUARDS AT PLANT GATES TO DISCOURAGE PICKETING OR HARASSMENT OF NON-STRIKING WORKERS.

3. ALTHOUGH OWNER OF PLANT IN EIBAR STATED BELIEF THAT STRIKE ISSUES PRIMARILY ECONOMIC AND LOCAL NEWSPAPER EDITOR EXPRESSED SIMILAR OPINION, AMERICAN MANAGEMENT AND CONSULTANTS ARE CONVINCED THAT POLITICAL CONSIDERATIONS DOMINATE AND THAT "WORKERS COMMISSIONS" WILL TRY TO STRETCH OUT LABOR STRIFE TO END OF YEAR WITH AIR OF DESTROYING SYNDICATE SYSTEM AND, IF POSSIBLE, BRINGING ABOUT DOWNFALL OF GOVERNMENT IN PROCESS. INFLATION PINCH ON WORKERS' SALARIES HELPS TO PERSUADE THEM TO COOPERATE WITH STRIKE ORGANIZERS. STRIKE LEADERSHIP IS KNOWN TO INCLUDE CATHOLIC PRIESTS.

4. BANKING AND INDUSTRIAL SOURCES BELIEVE THERE IS SUBSTANCE TO RUMOR THAT GENERAL STRIKE WILL BE CALLED IN INDUSTRIAL SECTORS OF BARCELONA AND BILBAO FOR NOVEMBER
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4 OR 5 AS PART OF CAMPAIGN TO CREATE ECONOMIC DISRUPTION AND EMBARRASS GOVERNMENT.

5. SEVERAL SMALLER FIRMS HAVE SETTLED STRIKES, BYPASSING "JURADO" AND PROVIDING MONTHLY INCREASES OF 2,500-3,000 PESETAS. U.S. FIRMS, HOWEVER, HAVE REFUSED TO DEAL WITH "WORKER COMMISSIONS". BABCOCK WILCOX OFFER OF 2,000 PESETAS MONTHLY UP TO END OF YEAR WHEN NEW CONTRACT

NEGOTIATIONS SCHEDULED TO BEGIN PLUS 2,000 PESETA LUMP SUM NOT ACCEPTED. GE MANAGEMENT POINTED OUT, AS PROOF THAT STRIKE LEADERS NOT GOVERNED PRIMARILY BY ECONOMIC ISSUES, THAT REACTION TO COMPANY OFFER TO DISCUSS INCREASE IN AVERAGE 15 PERCENT WAGE INCREASE SCHEDULED FOR OCTOBER 1, 1974 UNDER EXISTING CONTRACT WAS REJECTED AND DEMAND FOR 5,000 PESETAS INCREASE WAS SUBSEQUENTLY DROPPED FROM TOP OF LIST OF DEMANDS.

6. SEVERAL U.S. FIRMS HAVE RECEIVED TELEGRAMS FROM INTERNATIONAL FEDERATION OF METALURGICAL WORKERS IN GENEVA, SWITZERLAND CONTAINING IMPLIED THREATS OF TROUBLE FOR THEIR PLANTS IN OTHER EUROPEAN COUNTRIES IF THEY DO NOT RECOGNIZE AND DEAL WITH WORKERS COMMISSIONS AND REJECT INTERVENTION OF THE CIVIL GUARD. GENERAL MANAGER OF ONE FIRM POINTED OUT, AS FURTHER EVIDENCE OF POLITICAL NATURE OF STRIKES, DETAILED RADIO REPORTS ON LABOR SITUATION FROM CZECHOSLOVAKIA AND INFORMATION FROM "RELIABLE SOURCES" THAT FINANCIAL ASSISTANCE COMING FROM FRANCE AND ORGANIZATIONAL PLANNING BEING CARRIED OUT IN ENGLAND.

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 335

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7. COMMENT: MOST OF THE ABOVE INFORMATION WAS OBTAINED FROM RESIDENT U.S. CITIZEN EXECUTIVES OF FIRMS WHICH EMPLOY ABOUT 10,000 WORKERS AFFECTED BY STRIKES. THEIR EXPERIENCE IN SPAIN VARIES FROM SEVERAL MONTHS TO SEVERAL

YEARS. ALTHOUGH TOP U.S. COMPANY OFFICIALS ARE NOT INTERFERING WITH HANDLING OF LABOR PROBLEMS BY THEIR SPANISH COUNTERPARTS IN THE MANNER DICTATED BY CUSTOM AND LAW, SOME HAVE PRIVATELY EXPRESSED CONCERN AT THE ALMOST TOTAL LACK OF COMMUNICATION BETWEEN MANAGEMENT AND WORKERS. AN EXECUTIVE OF ONE LARGE U.S. FIRM, WHO HAS LIVED HERE TWO YEARS, STATED THAT HE HAS OBSERVED A DRAMATIC CHANGE IN THE LOCAL SITUATION AND FEARS THAT THE SITUATION COULD DETERIORATE INTO AN "INSURRECTION" OF THE WORKERS. SEVERAL HAVE EXPRESSED FEARS FOR SAFETY OF THEIR FAMILY AND HAVE INQUIRED ABOUT EXISTENCE OF EMERGENCY EVACUATION PROCEDURES AT THE CONSULATE. WHILE SUCH FEARS MAY BE EXAGGERATED, FACT THAT THEIR EVALUATION OF THE LOCAL SITUATION HAS UNDERGONE A MARKED CHANGE IS IMPORTANT. UNQUOTE

8. EMBASSY COMMENT: AS INDICATED THIS REPORT, BILBAO AREA CONTINUES TO BE A MAJOR FOCUS OF CURRENT WAVE OF LABOR UNREST AND AGITATION. IT SIGNIFICANT THAT SOME RESIDENT AMERICAN BUSINESSMEN IN BILBAO AREA BELIEVE LABOR AGITATION MIGHT EVEN POSSIBLY LEAD TO
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WORKER INSURRECTION IN AREA, ALTHOUGH THIS PROBABLY AN EXAGGERATED AND ALARMIST VIEWPOINT. IT POSSIBLE RUMORED NOV 4-5 CALL FOR GENERAL STRIKE IN BILBAO AREA MIGHT TAKE HOLD, ALTHOUGH EXPERIENCE TO DATE HAS GENERALLY BEEN THAT GENERAL STRIKE ATTEMPTS HAVE USUALLY PROVEN TO BE FAILURES. (WORKERS COMMISSIONS AT NATIONAL LEVEL FINALLY REPORTEDLY ABANDONED THEIR CALL FOR A NATIONWIDE GENERAL STRIKE DURING OCTOBER FOR THIS REASON). MOST SIGNIFICANT ASPECTS OF BILBAO REPORT ARE REPORTED THREATS BY INTERNATIONAL METALWORKERS FEDERATION (IMF) IN GENEVA. IMF HAS ALREADY REPORTEDLY BEEN ACTIVE IN STRIKES IN BARCELONA AREA EARLIER THIS YEAR (SEE REFTELS). IT LIKELY IMF HAS BEEN AIDING AND SUPPORTING SOCIALIST UGT AND CATHOLIC-ORIENTED USO IN BILBAO AREA, WHICH ARE PRINCIPAL NON-COMMUNIST FREE TRADE UNION GROUPINGS IN SPAIN, ARE BOTH STRONG IN BILBAO AREA, AND ARE VERY ACTIVE IN CURRENT STRIKE SITUATION (BOTH UGT AND USO ARE AFFILIATES OF IMF).
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